

Exam. Code : 304301

Subject Code : 6980

**P.G. Dip. in Business Management Semester—I****PGDBM-103 : FINANCIAL ACCOUNTING**

Time Allowed—3 Hours]

[Maximum Marks—50

**Note** :— (1) Attempt **five** questions from Section A. Answer each question up to **five** lines in length. Each question carries 2 marks.

(2) Attempt **two** questions each from Section B and Section C. Answer to each question should not exceed **five** pages. Each question carries 10 marks.

**SECTION—A**

1. What do you mean by "Receipts and Payment Account" ?
2. Explain the concept of "Book Keeping".
3. What do you mean by "Bank Cash Book" ?
4. What the Journal is Sub-divided ?
5. What do you mean by "Bills of Exchange" ?
6. Explain the Straight Line Method of Charging Depreciation.

7. Explain the Error of Commission.
8. What do you mean by "Opening Entries" ?

### SECTION-B

9. From the following transactions prepare Purchase Book, Sales Book, Purchase returns and Sales return books.

**2014**

- May 1<sup>st</sup> Purchased from Rama Silk Kendra, 500 Silk sarees at ₹ 1,250 each.
- 5<sup>th</sup> Purchased from SLV and Company, 1,000 Kanchi silk sarees at ₹ 5,000 each.
- 7<sup>th</sup> Sold to Ranveer on account, 250 printed sarees at ₹ 1,500 each, 500 Kanchi sarees at ₹ 5,000 each.
- 8<sup>th</sup> Claimed for damages from Rama Silk Kendra ₹ 2,500
- 9<sup>th</sup> Returned damaged goods to SLV and company 25 Kanchi sarees
- 12<sup>th</sup> Purchased from Priya silks 750 Mysore silk at ₹ 1,250 each, 500 Handloom sarees at ₹ 3,750 each, less trade discount at 50 %

- 15<sup>th</sup> Sold to Bindu on account, 100 printed sarees at ₹ 1,500 each, 125 Kanchi sarees at ₹ 6,500 each, 100 Mysore silk sarees at ₹ 1,500 each, less trade discount at 25 %.
- 20<sup>th</sup> Sold to Sushma sarees, 200 handloom sarees at ₹ 5,000 each.
- 21<sup>st</sup> Ranveer returned 50 printed sarees and 100 Kanchi sarees.
- 25<sup>th</sup> Returned to Priya silk, 125 Mysore silk.
- 27<sup>th</sup> Returned from Sushma sarees, 50 handloom sarees.
- 30<sup>th</sup> Purchased from Roopa silk, 2,000 Roopa brand sarees at ₹ 2,500 each.

10. On 31 March, 2014 Ramesh's pass book had a credit balance of ₹ 10,000. Following facts were disclosed on comparison of pass book with cash book :

- Cheques of ₹ 8,000 were issued but cheques of ₹ 3,000 were presented for payment.
- A cheque of ₹ 1,000 received from a customer which is recorded in cash book only.
- Bank credited ₹ 300 for interest.
- Bank debited ₹ 200 for expenses.
- Cheques of ₹ 2,000 and ₹ 3,000 were sent to Bank but out of them cheque of ₹ 2,000 was credited upto 31 March 2014.

Prepare Bank Reconciliation Statement.

11. Explain fully what you understand by a Trial Balance. How is a Trial Balance prepared ? What errors are not disclosed by Trial Balance ?
12. Explain the concept of Accounting in the Modern Context. What is the Utility of Accounting Information ?

### SECTION-C

13. The following is the Trial Balance of Mr. Mahesh as on 31-3-2014. Prepare P & L A/c and Balance Sheet :

Particulars	Dr.	Cr.
	₹	₹
Opening Stock	10,000	—
Purchases	1,80,000	—
Wages	3,000	—
Sales	—	2,05,000
Salaries	6,600	—
Rent @ 250 p.m.	2,750	—
Electricity expenses	550	—
Trade expenses	1,500	—
Interest on loan	900	—

Particulars	Dr.	Cr.
	₹	₹
Commission	200	—
Machinery	29,000	—
Furniture	5,000	—
Debtors	10,500	—
Building	30,000	—
10 % loan	—	10,000
Creditors	—	15,000
Capital	—	55,000
Drawings	5,000	—
	<u>2,85,000</u>	<u>2,85,000</u>

**Additional information :**

- Provide for depreciation at 10% on machinery and 5% on furniture.
- Provide for bad and doubtful debts @ 5% on debtors.
- There is an outstanding wages of ₹ 2,000.
- Salary paid in advance ₹ 600.

14. From the Receipt and Payment Account given below, prepare the Income and Expenditure Account of Clean Delhi Club for the year ended March 31, 2014.

**Receipt and Payment Account for the year ending  
March 31, 2014**

Dr.			Cr.
Receipts	Amount (₹)	Payments	Amount (₹)
Balance b/d (Cash in hand)	3,200	Salary	1,500
Subscriptions	22,500	Rent	800
Entrance Fees	1,250	Electricity	3,500
Donations	2,500	Taxes	1,700
Rent of hall	750	Printing and Stationery	380
Sale of investments	3,000	Sundry expenses	920
		Books purchased	7,500
		Govt. bonds purchased	10,000
		Fixed deposit with bank (on 31.03.214)	5,000
		Balance c/d	
		Cash in hand	400
		Cash at bank	1,500
	<b>33,200</b>		<b>33,200</b>

15. What do you mean by Depreciation Accounting ? What are the various methods of Charging Depreciation ?
16. Define the term "Bills of Exchange". What are the various parties to the Bills of Exchange ? What are the entries made in the books of Drawer and Drawee in various circumstances related to bills of exchange ?